

Brambles - Stumble in the US and innovative remuneration changes

Company/ASX Code	Brambles Limited / BXB
AGM time and date	10:00am on Thursday, 22 October 2026
Location	Wesley Conference Centre Lyceum Room, 220 Pitt St, Sydney NSW
Registry	Boardroom
Type of meeting	In person, webcast with questions but no online voting
Pre-AGM Meeting	Online with Chair John Mullen, NED Maxine Brenner (Chair of Remuneration Committee), Raluca Chiriacescu and Suk Hee Lee (Investor Relations)

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Shareholders who wish to vote differently to this report can give ASA a directed proxy.

1. How we intend to vote

No.	Resolution description	
2	Adopt the Remuneration Report	For
3	Appointment of Auditor	For
4	Re-elect Mr Kenneth Stanley McCall to the Board	For
5	Re-elect Mr John Patrick Mullen to the Board	Against
6	Re-elect Ms Priya Rajagopalan to the Board	For
7	Re-elect Dr Nora Lia Scheinkestel to the Board	For
8	Amend and issue shares under the Brambles Limited Performance Plan	For
9	Participation of Executive Director in the Performance Share Plan or the Amended Performance Share Plan	For

2. Summary of Issues and Voting Intentions for AGM

- Brambles announced Net Profit growth of 6% but only 1% at constant exchange rates. That is, the US dollar profit (Brambles reports in USD) grew 5% through exchange rate movement alone.
- On 18 May, the company announced problems in its US operations involving subcontractor turnover, labour availability, repair capacity constraints and pallet supply. The company subsequently reported that these issues had reduced FY26 earnings by approximately US\$90 million and resulted in approximately US\$40 million of additional pooling capital expenditure. Brambles' share price fell by approximately 20% on the day of the May announcement.

- Remuneration policy has changed with the introduction of a two-year holding lock on LTI equity remuneration and an innovative TVC measure introduced for LTI vesting.

3. Matters Considered

Accounts and reports

The May announcement indicated that Brambles' US business had experienced a combination of higher-than-expected demand, increased pallet-quality requirements for automated warehouses and repair capacity constraints in parts of its service centre network. Brambles attributed those constraints to subcontractor turnover, labour availability challenges and the additional time required to repair pallets consistently to a higher standard.

The company's response included purchasing an additional 3.3 million pallets during FY26, strengthening the service centre network, opening new sites and establishing teams that can be rapidly deployed to problem locations. Brambles is also taking steps to improve operational control and flexibility across its US network.

We asked about the consequences for management and were told that the problems in the US had materially reduced management incentive outcomes in FY26. We were also told that the automated-warehouse issue was less likely to arise in other countries because the company already supplies more precisely specified pallets for that purpose in those markets. Brambles considers that it now has the problem under control, although the remediation remains costly.

They do have a facility in Texas working on development of the "Service Centre of the Future" which aims to fully automate pallet repair.

Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT (US\$m)	954.0	896.0	779.9	713.2	593.3
UP (EBIT) (US\$m)	1494.4	1371.8	1258.0	1067.0	930.0
Share price (A\$)	19.48	23.42	14.53	14.41	10.71
Dividend (A cents) ¹	65.5	62.2	52.0	39.5	32.3
Simple TSR (%) ²	(14.0)	65.5	4.4	38.2	(3.6)
EPS (US cents)	70.3	64.8	56.1	51.4	41.9
CEO total remuneration, actual (US \$m)	9.07	8.41	5.86	4.68	5.17

1. Brambles now declares dividends in US dollars. The figures shown are the Australian-dollar amounts paid to Australian shareholders.
2. TSR is calculated from the movement in closing share price over the financial year plus dividends declared divided by the closing share price for the preceding year.

Governance and culture

There are two major governance issues – the re-election of John Mullen to the Board and the appointment of KPMG as auditors – that we address in Section 4 below where we cover the AGM resolutions. We did ask whether the Board is the right size and has the right skills matrix. We were told that, although the Board had twelve members for a while last year, the present size of eleven directors worked well and that they bring a good range of skills and experience from their diverse backgrounds.

Sustainability/ESG

Brambles has a comprehensive Sustainability Review available on its website and in the ASX announcements. It is an excellent report, and Brambles has won international awards for sustainability.

We noted that they use 100% sustainable certified timber, using two certifying agencies, but full chain of custody certification covers just 87% of purchases. The company is aiming to move to 100%, maintaining full vision from the tree to the pallet. They also intend to maintain full sustainability even in the current US political climate.

4. Rationale for Voting Intentions

Resolution 2 - To adopt the Remuneration Report for Brambles for the year ended 30 June 2026 (For)

The Appendix has details of the CEO's remuneration with FY26 results and the new structure going forward. The CEO's STI paid 61% of target and the FY24–26 LTI vested at 45.5%, reflecting weaker incentive outcomes. However, the table above shows actual CEO remuneration increasing from US\$8.41m in FY25 to US\$9.07m in FY26; the measures should not be confused.

This year the Board surveyed executive compensation for comparable companies in both the UK and Australia. The CEO's target remuneration package has been increased to fall between the median and upper quartile in the UK survey. Brambles chose UK benchmarking because most of its senior executives work outside Australia, and UK and European pay levels were found to be broadly aligned. Before the changes, the CEO's remuneration was already between the median and upper quartile on the Australian comparison, but between the lower quartile and median against the chosen UK peers.

The CEO's fixed remuneration is unchanged from last year and the STI opportunity remains unchanged. From FY27, however, sales growth and net new wins will account for 15% of the STI plan under the shared personal objectives. The LTI opportunity and performance measures are being substantially revised. LTI levels will be increased so that Target LTI is 165% of fixed remuneration and Maximum is at 275%. The new LTI is based 40% (down from 50% in the past) on rTSR and 60% on a new TVC measure. TVC combines growth in diluted EPS from continuing operations and dividend yield. For the TVC component, 10% is the threshold, 14% is target and 17% is maximum. Vesting under this 60% component also requires a ROIC underpin of 20%, compared with FY26 ROIC of 22.6% at constant currency.

We asked how these new measures would have performed over the period to FY26 compared with the previous structure. Brambles indicated that back-testing suggested broadly similar LTI outcomes; detailed calculations were not provided, so we have not assumed a particular vesting outcome for the new TVC component. Maxine Brenner assured us that the Board would watch the new measure carefully and use the Board's discretion to vary outcomes should they be inappropriate.

Note that the holding lock period on the LTI equity grants will be increased to two years.

The CFO's remuneration was below the lower quartile of the UK comparators, although between median and upper quartile against Australian comparators. Fixed pay will increase by 15% from 1 January 2027 and a further 5.5% in FY28; the LTI opportunity will also increase. Brambles attributes the January start to the wider workforce salary review, while an executive fixed pay freeze was also mentioned at our meeting.

Resolution 3 - That KPMG be appointed as auditor subject to ASIC approval (For)

We considered the appointment of KPMG in light of publicly reported allegations concerning the handling and internal sharing of confidential client information within its Australian business, as well as related regulatory and parliamentary scrutiny. Periodic auditor rotation is generally beneficial, although Brambles' previous auditor, PwC, has also faced significant public scrutiny. John Mullen noted that KPMG has approximately 140,000 staff worldwide and argued that the conduct of a small number of individuals should not be attributed to the firm as a whole. He also told us that he had satisfied himself that the proposed Brambles audit team was not implicated in the reported matters. Mr Mullen said he had personally reviewed the appointment process and interviewed both the proposed lead audit partner and KPMG Australia's new CEO. The Board also received advice from management that KPMG's proposal was substantially stronger than the competing proposals.

Resolution 4 - That Mr Kenneth Stanley McCall be re-elected to the Board of Brambles (For)

There are brief biographies of the candidates for re-election in the Notice of Meeting. Ken McCall has been on the Board for six years and has strengths in global network management, international logistics and supply chain.

Resolution 5 - That Mr John Patrick Mullen be re-elected to the Board of Brambles (Against)

John Mullen joined the Board in late 2019 and became Chair in July 2020. He is also Chair of Qantas and TWE, two other major Australian listed companies. This aggregate workload concerns ASA, and we questioned him closely about it. Mr Mullen maintains that his workload is manageable. He has stepped down from his position at the National Maritime Museum and will leave Brookfield Infrastructure this year. His fellow directors endorse his candidacy, and at our pre-AGM meeting Maxine Brenner spoke highly of his effectiveness as Chair and as a team builder.

However, John Mullen continues to exceed ASA's workload guideline because he holds three listed-company Chair roles. ASA acknowledges his strong attendance, significant

contribution, relevant experience, alignment with shareholders and reduction in some other commitments. Although these factors demonstrate his commitment and effectiveness, they do not resolve the underlying concern about his aggregate workload.

ASA's workload guideline assesses not only whether a director can meet scheduled board and committee commitments, but also whether the director has sufficient capacity to respond to heightened workloads, unexpected events and corporate or market crises. During such periods, the demands on a Chair can increase significantly and require substantial attention at short notice. Strong attendance under normal operating conditions, while important, does not by itself demonstrate sufficient capacity to manage multiple significant Chair responsibilities during more demanding periods.

In 2025, ASA raised these concerns with Mr Mullen and voted against his re-election on workload grounds. While his commitments have reduced and are expected to reduce further, he continues to hold three listed-company Chair roles and therefore remains above ASA's published workload guideline. ASA considers that maintaining a clear and consistently applied workload standard is important to protect shareholders and to ensure directors have sufficient capacity to discharge their responsibilities, particularly when circumstances become more demanding.

Accordingly, while recognising Mr Mullen's effectiveness, strong participation and contribution to Brambles, ASA recommends voting against his re-election because his current external commitments remain inconsistent with ASA's workload guideline. ASA expects Mr Mullen to continue reducing those commitments and to accept no additional board appointments while he holds his current Chair roles.

Resolution 6 - That Ms Priya Rajagopalan be re-elected to the Board of Brambles (For)

Priya Rajagopalan was educated in India and the US where she is presently based. She has been on the Brambles Board for four years. She has a strong base in digital platforms for global supply chains.

Resolution 7 - That Dr Nora Lia Scheinkestel be re-elected to the Board of Brambles (For)

Nora Scheinkestel has been on the Board since 2020. Nora has 30 years' experience as a company director in a wide range of industries; she has strong skills in financial and risk management. She has significant academic and government service experience.

Resolution 8 - That the Brambles Limited Performance Share Plan as amended be approved for all purposes (For)

This motion seeks shareholder approval for the amended Performance Share Plan, including an increase in the maximum value of shares granted to an individual to 400% of base salary. It gives Brambles the ability to issue new shares to executives without limiting the ability to raise new equity should that be desirable. The approval is specific to the share plan and does not constitute a shareholder vote on the whole remuneration framework; adoption of the remuneration report is a separate advisory vote.

Resolution 9 - That the participation by Mr Graham Chipchase in Brambles Limited Performance Share plan (or the Amended Performance Share plan, if adopted) be approved for all purposes (For)

Since the CEO, Graham Chipchase, is a member of the Board the issue of shares to him requires shareholder approval under ASX Listing Rule 10.14. It is a separate approval of the CEO's participation in the share plan, rather than merely a formality. In this case the Explanatory Note is complicated since the motion also covers the old Performance Share Plan, should Resolution 8 above not be passed.

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Appendix 1

Remuneration framework detail

The following table describes the remuneration structure for the CEO for the financial year just ended. The new Target and Maximum opportunities for LTI will not vest until 2029 but they will be based on equity with a value of approximately USD 2.85m for target and USD 4.75m for the maximum in 2026 prices. In other words, there is a substantial increase in LTI opportunity for the CEO that has been adopted to meet the UK market standard.

CEO rem. Framework for FY26	Target US\$'000	% of Total	Max. Opportunity US\$'000	% of Total
Fixed Remuneration	1,728 ¹	34%	1,728 ¹	23%
STI - Cash	1,037	20%	1,555	21%
STI - Equity	1,037	20%	1,555	21%
LTI	1,339	26%	2,679	36%
Total	5,141	100%	7,517	100%

NOTES:

1. This is the reported FY26 Base Salary of GBP 1.289m converted to USD at GBP 1 = USD 1.3407. The GBP salary is at the same level as FY25. The STI and LTI target and maximum opportunities are based on this figure, but the total reported cash salary and allowances paid in FY26 was USD 2.012m.

For FY26, the CEO received an STI equal to 74% of base salary, split equally between cash and equity. He received no payout for the profit measure, which represented 40% of the award. He received the maximum payout for cash flow from operations, which represented 30% of the award and was equal to 54% of base salary, as well as an amount equal to 20% of base salary for personal objectives.

LTI outcomes were based on the FY23 grants. Relative TSR remained sufficiently strong, despite the FY26 share-price decline, because of the strong share-price performance in FY25; as a result, 45.5% of the portion of the FY23 equity award linked to this measure vested. The other component of the former LTI plan, based on CAGR of sales and ROIC, resulted in no vesting.